

NEW YORK TIMES

DATE 19 OCT. 86

PAGE 20

EXCERPT ONLY

Hard Times in Mexico Cause Concern in U.S.

By ROBERT PEAR

Special to The New York Times

WASHINGTON, Oct. 18 —

C.I.A. Analyst Predicts 'Fundamental Change'

United States officials are normally cautious in their comments about Mexico. But earlier this year, at a hearing held by Senator Jesse Helms, Republican of North Carolina, they denounced the Mexican Government for its handling of drug trafficking, corruption and illegal immigration.

Among those pointing to corruption in the Mexican Government were Elliott Abrams, Assistant Secretary of State for Inter-American Affairs; William von Raab, head of the Customs Service, and David L. Westrate, head of the Drug Enforcement Administration's operations division. Mexico objected to the statements as "a clear and unacceptable violation" of its sovereignty, and relations between the two countries have still not recovered.

Within the United States Government, the Central Intelligence Agency has offered the most alarming warnings about what it calls "destabilizing trends" in Mexico. In a recent monograph, Brian Latell, a career intelligence analyst at the agency, said he foresaw "new crises" bringing "fundamental change" in Mexico's "antiquated and debilitated political system" in the next 5 to 10 years, with "enormous and perhaps incalculable consequences for the United States."

Mr. Latell said the collapse of oil prices in the last year, combined with "four years of grueling austerity" in Mexican economic policies, had generated "gloom and a deepening crisis of confidence" in Mexico. Although "a revolutionary upheaval is unlikely in the foreseeable future," he said, there is a growing likelihood that "the system will rupture violently" unless Mexico's leaders take steps to democratize its "rigid, authoritarian political structure."

The monograph, published in June by the Hoover Institution of Stanford University, where Mr. Latell was a visiting scholar, carries a disclaimer saying that his views "do not necessarily reflect" those of the C.I.A. or the United States Government. But officials at other Government agencies said that official assessments by the C.I.A. coincided with the views expressed publicly by Mr. Latell, who has returned to the C.I.A.

The State Department takes a less pessimistic view. John Gavin, who was the United States Ambassador to Mexico from June 1981 to May 1986, said: "I've been looking at these doomsday scenarios for years, but they miss one key element. That is the dislike of the Mexican people for the kind of bloodshed and confrontation they experienced during their revolution. Their threshold of difficulty is very high."

Still, Mr. Gavin said, "the conditions are definitely there to one day create that doomsday" if Mexico does not take steps to solve its political and economic problems.

A majority of American academic experts on Mexico, although seeing no prospect of an immediate solution to its economic crisis, have concluded that the country is resilient enough to muddle through its difficulties without widespread civil strife or a default on its huge foreign debt, which has grown to about \$100 billion.

George W. Grayson, a specialist on Mexico at William & Mary College in Virginia, said President de la Madrid had been taking "courageous steps" to reduce domination of the economy by the Government, which generates or controls about 60 percent of Mexico's gross national product. The steps include the sale of some state-owned concerns and the elimination of some subsidies. "We will see more incremental change, not upheaval," he said.

But Dr. Purcell of the Council on Foreign Relations warned: "If Mexico's political leaders move too slowly, the economic situation can deteriorate even more, and with it, the chances for political stability in Mexico." And a report on Mexico by the United States Army says, "Given the country's growing economic problems, the potential for social unrest is increasing."